

WÄRTSILÄ CORPORATION

INTERIM REPORT JANUARY-JUNE 2009

OLE JOHANSSON, PRESIDENT & CEO

22 JULY 2009

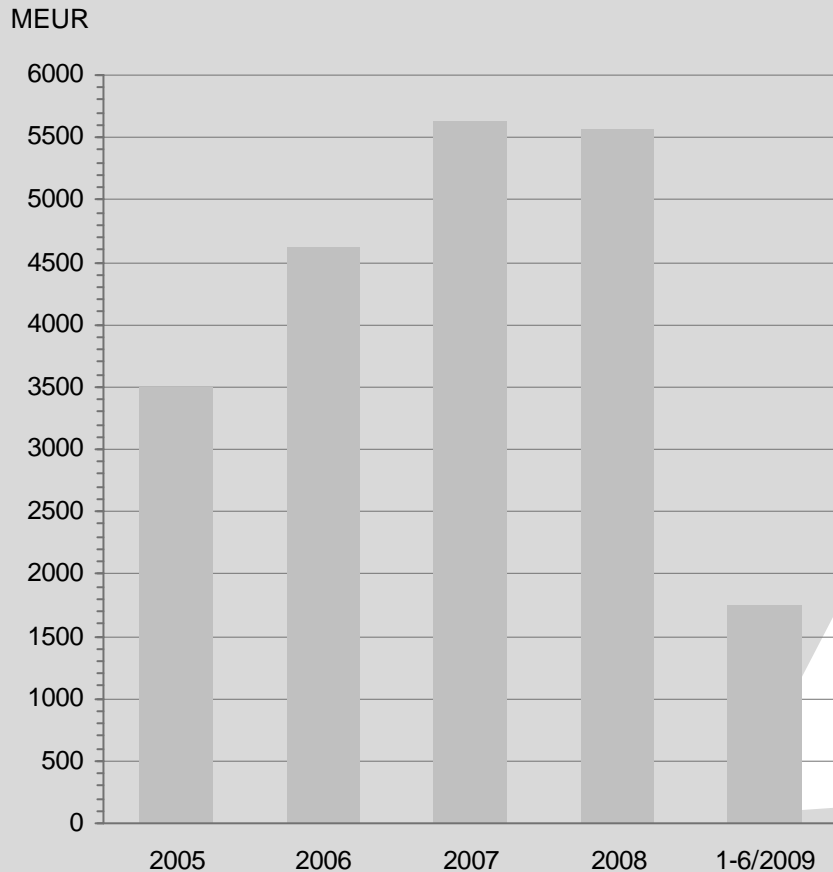


Q2/09 Highlights

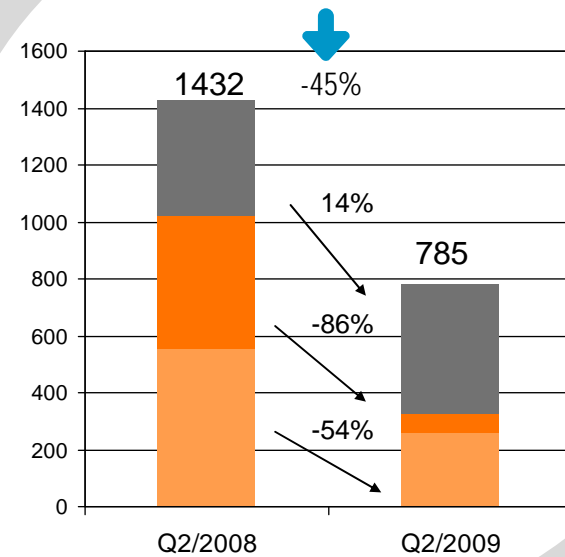


- Net sales grew to EUR 1 333 million (+22%)
- Operating result before nonrecurring restructuring items EUR 155 million (+25%), 11.7 % of net sales
- EPS EUR 1.01 (0.96)
- Order intake EUR 785 million (-45%)

Order intake

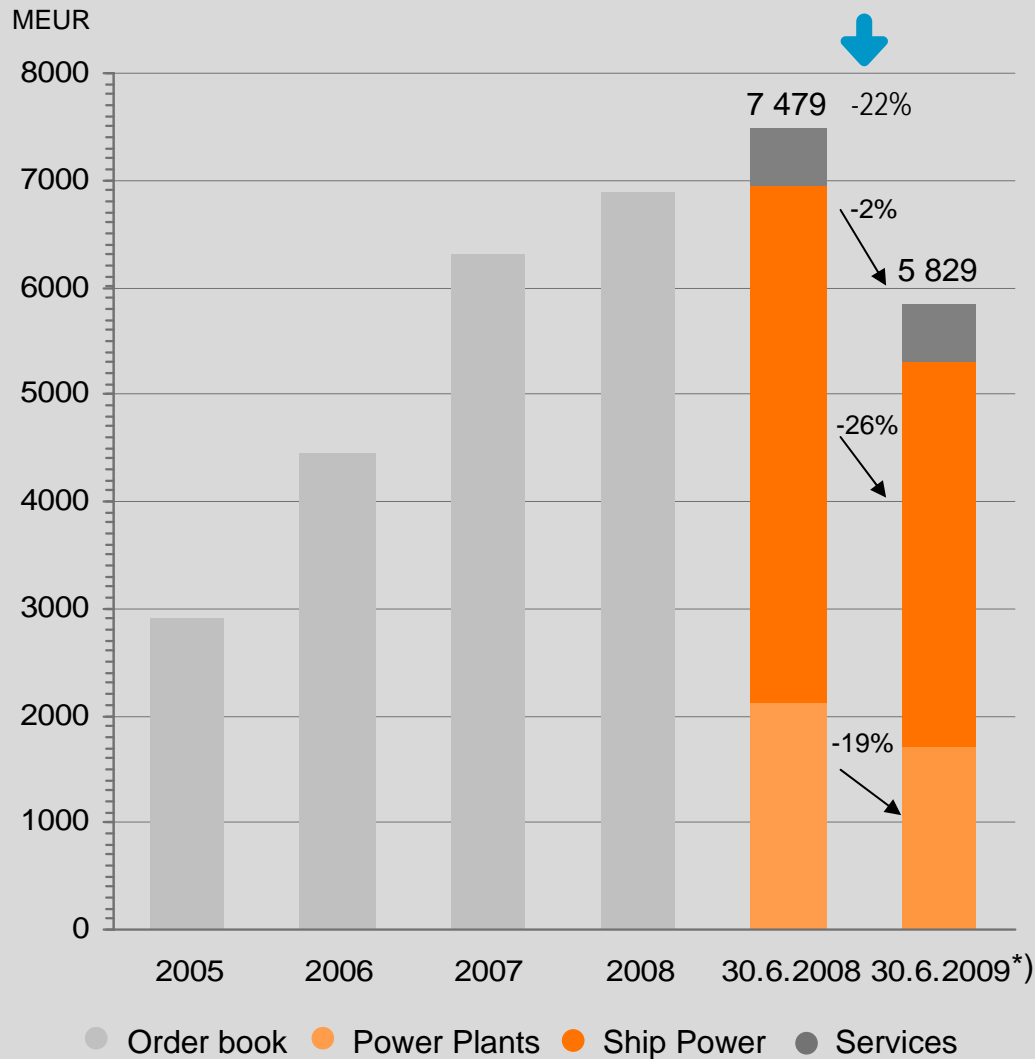


Second quarter development



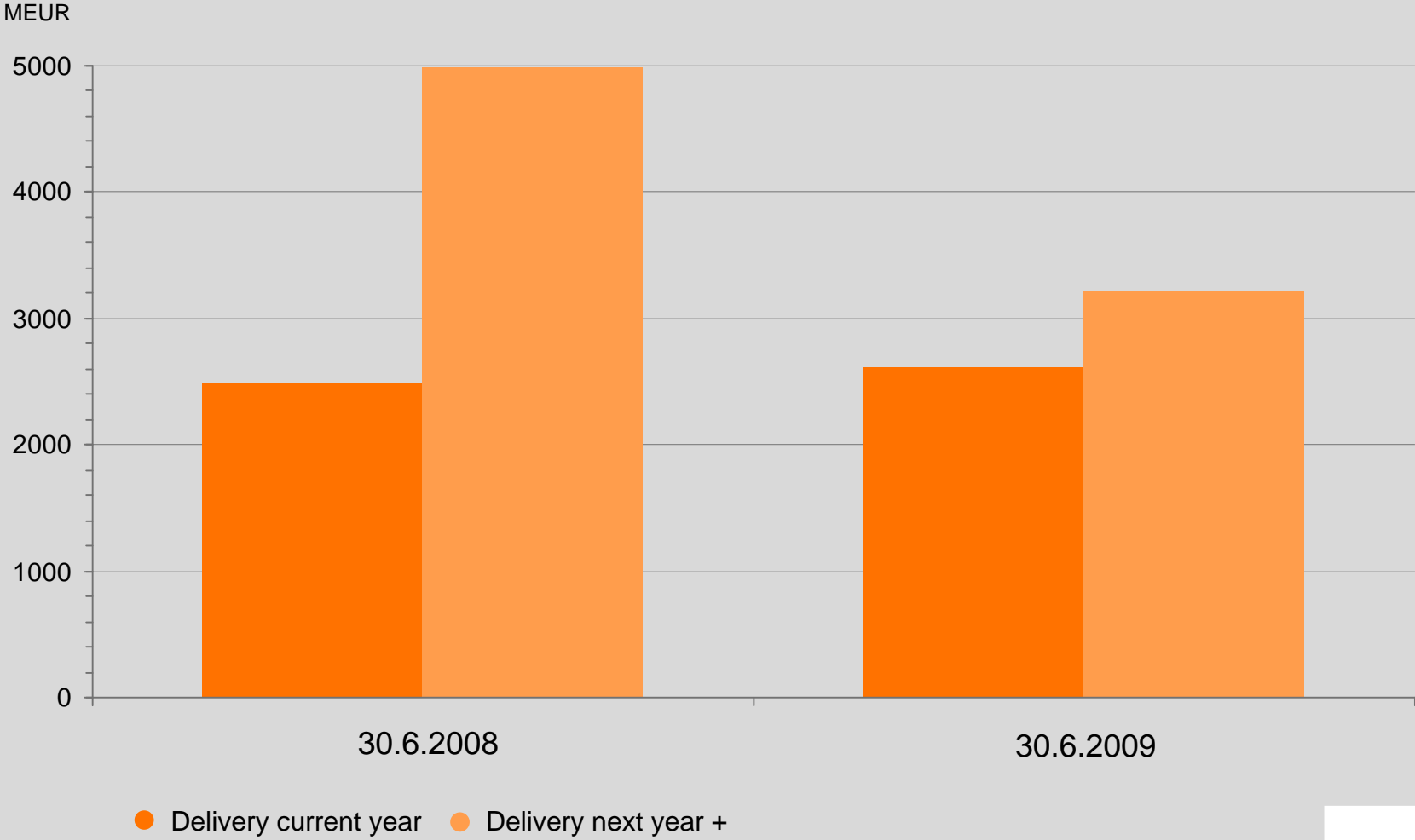
● Order intake ● Power Plants ● Ship Power ● Services

Order book remains substantial



*) Cancellations amounting to EUR 154 million have been deducted from the order book during the review period. Wärtsilä sees a potential cancellation risk of approximately EUR 800 million.

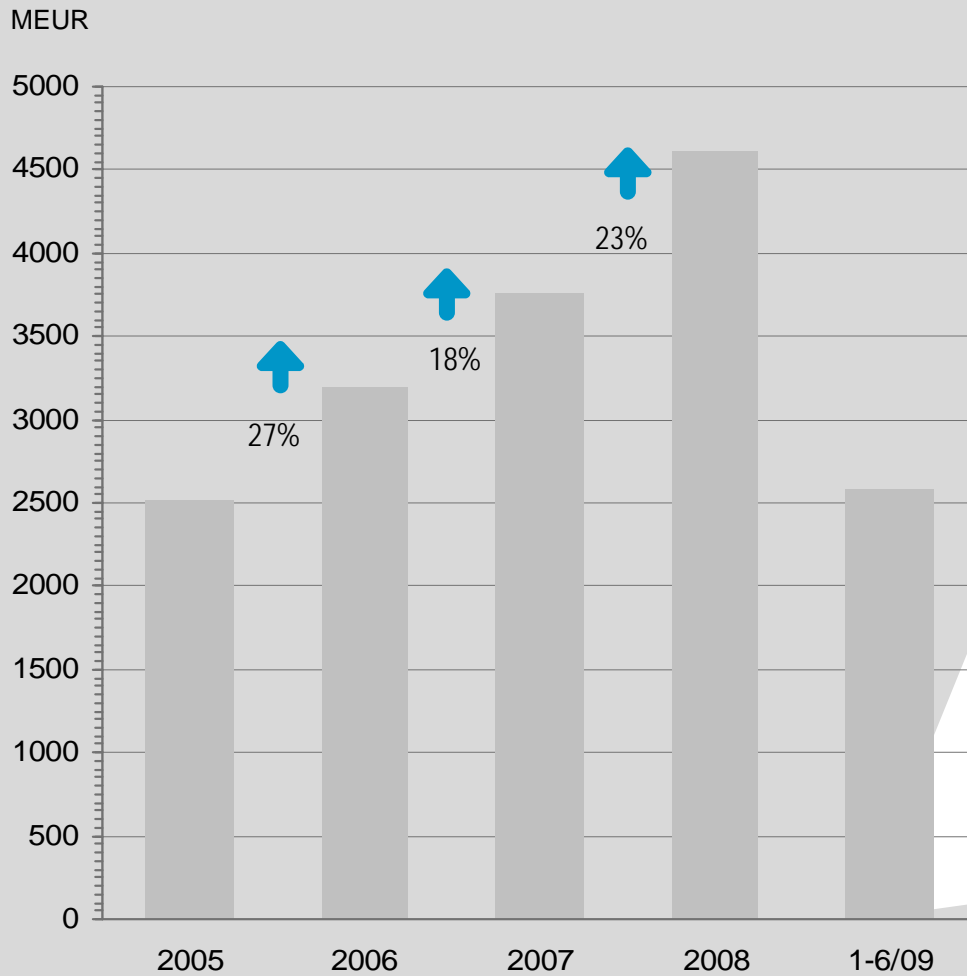
Order book distribution



● Delivery current year ● Delivery next year +

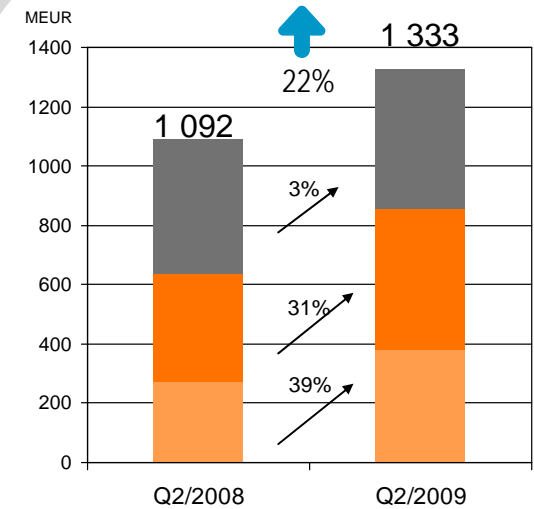


Strong growth in net sales

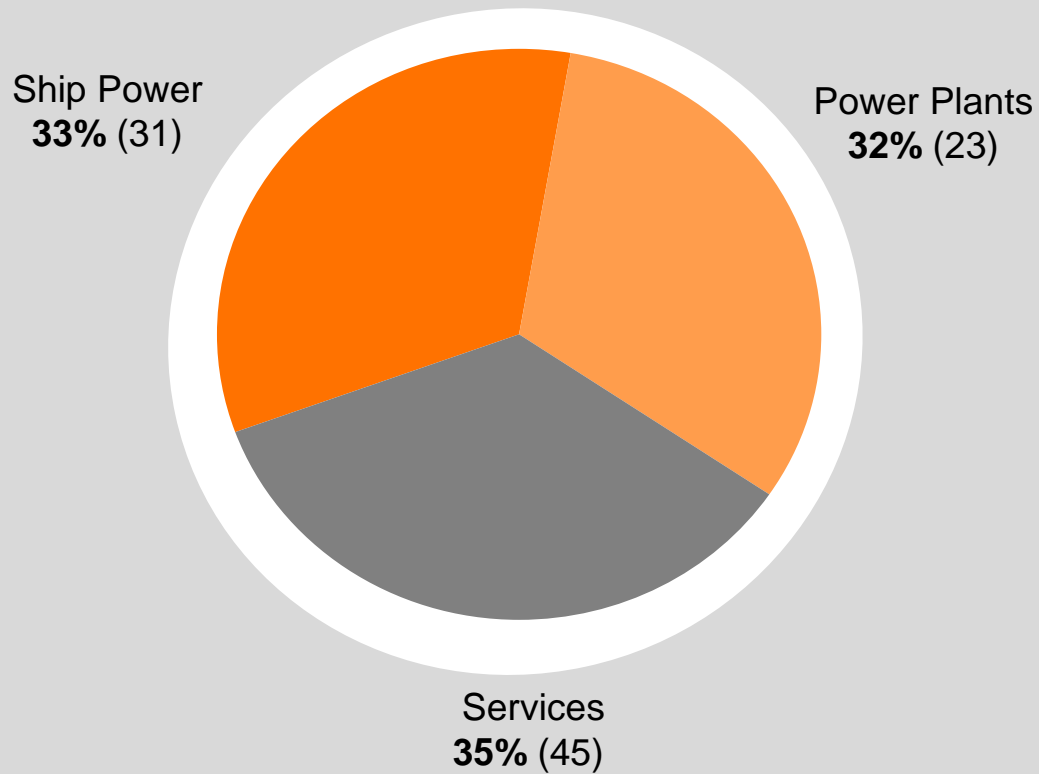


● Net sales ● Power Plants ● Ship Power ● Services

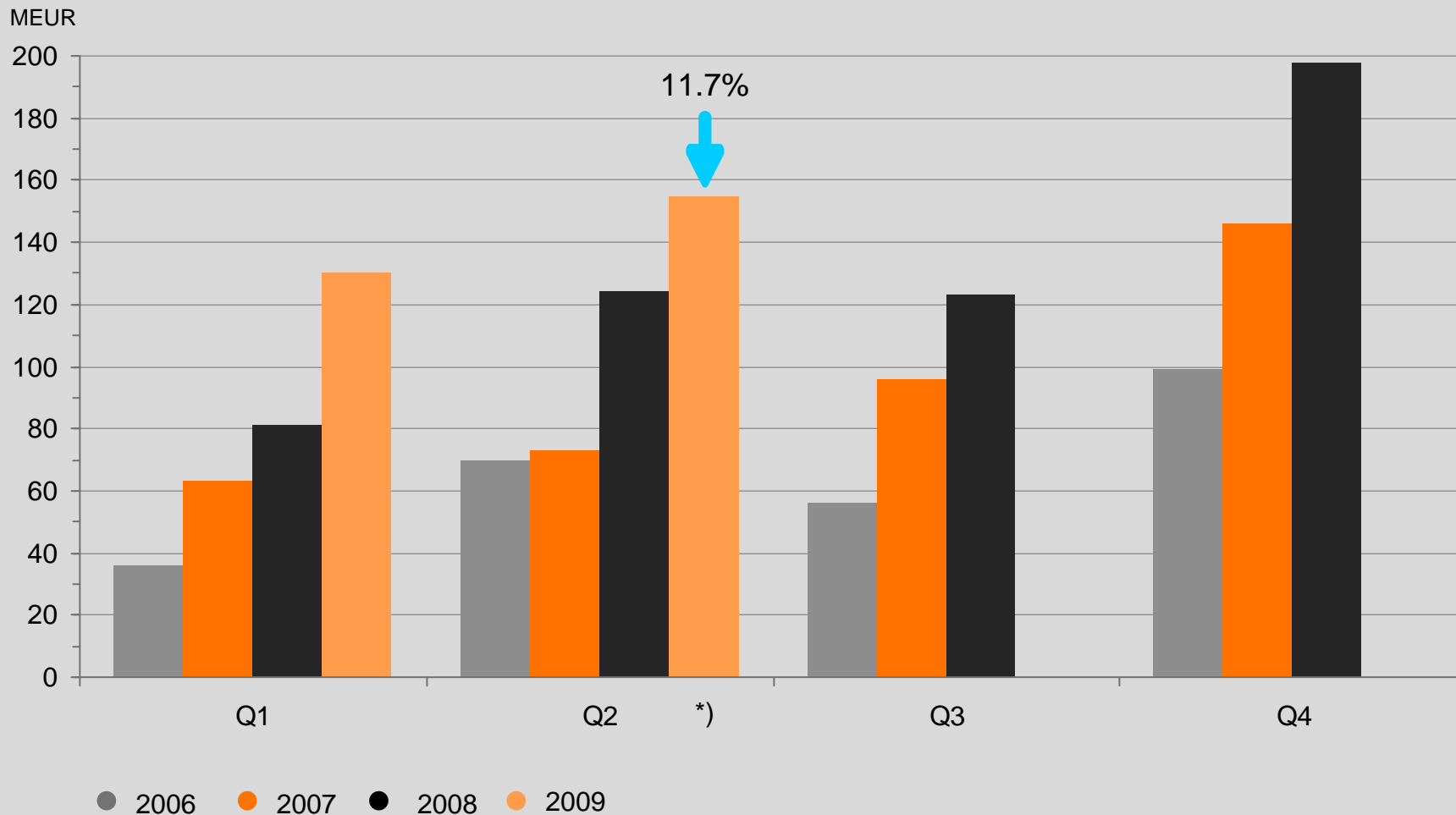
Second quarter development



Net sales evenly spread between the businesses 1-6/2009



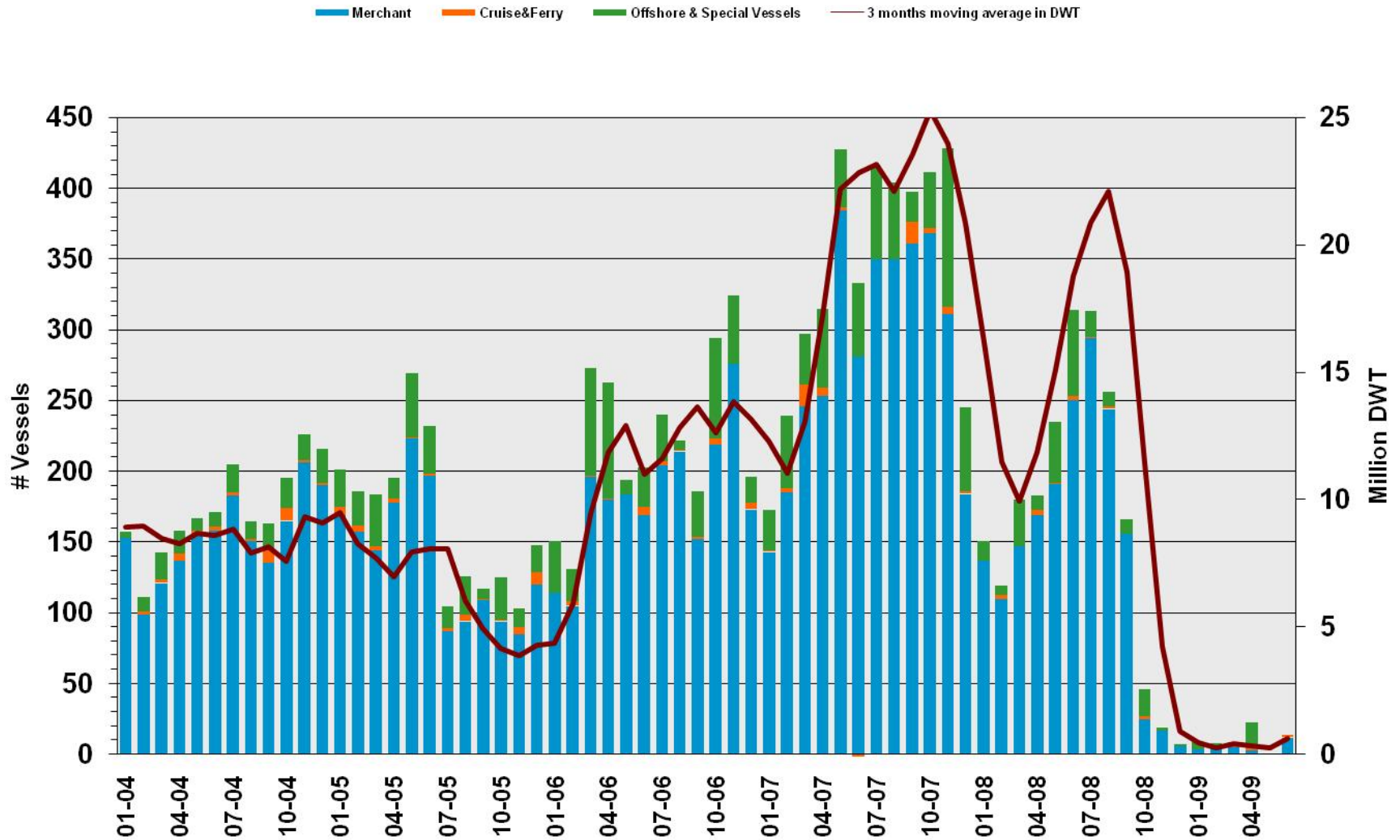
Strong operating profit



*) Operating result before EUR 6 million nonrecurring restructuring items

Ship Power market

Standstill continues



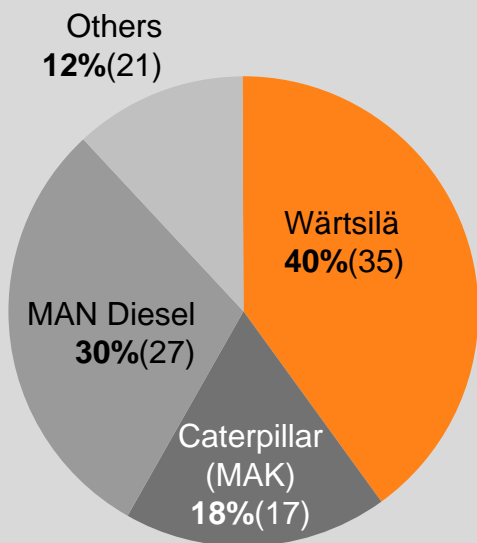
Source: Clarkson Research Services Limited



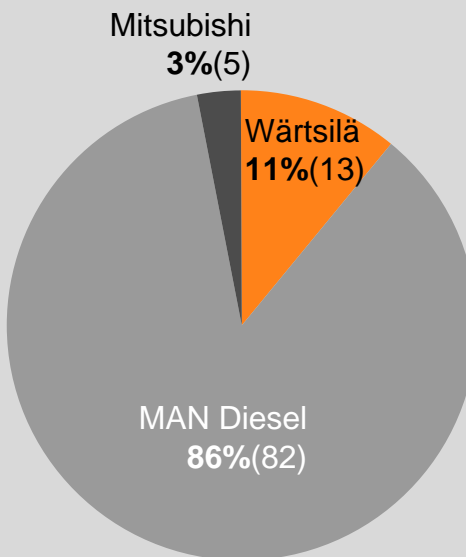
Ship Power market

Market position of Wärtsilä's marine engines

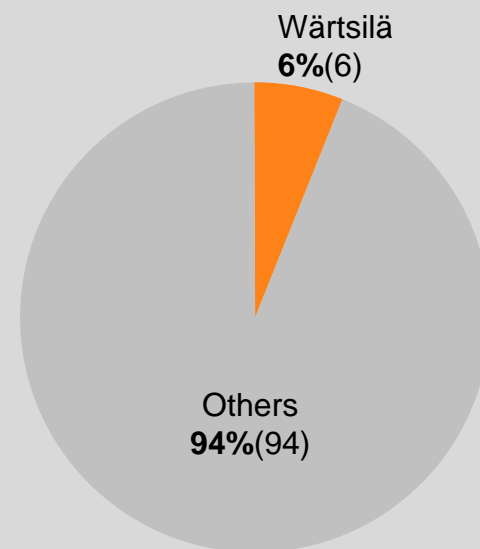
Medium-speed main engines



Low-speed main engines

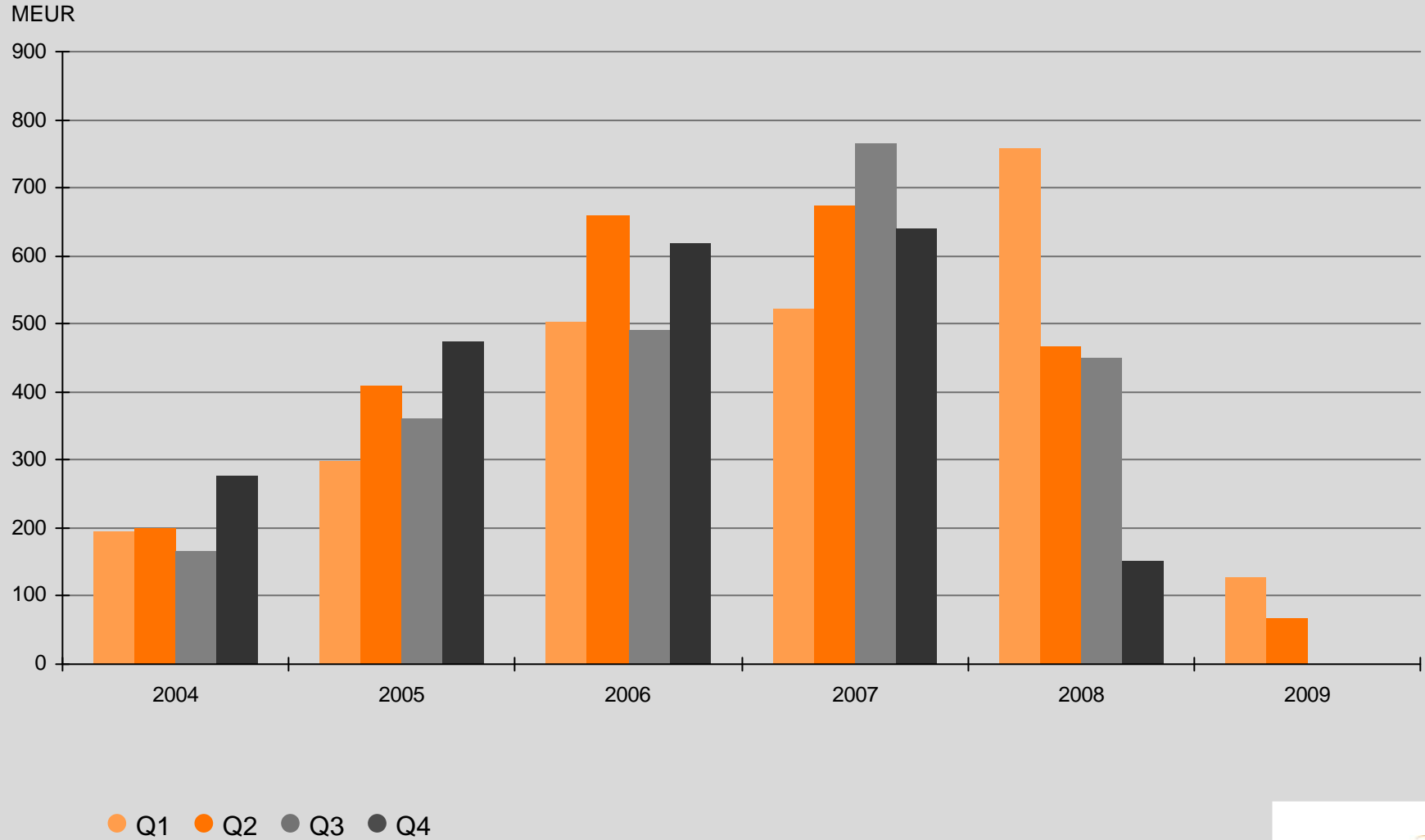


Auxiliary engines



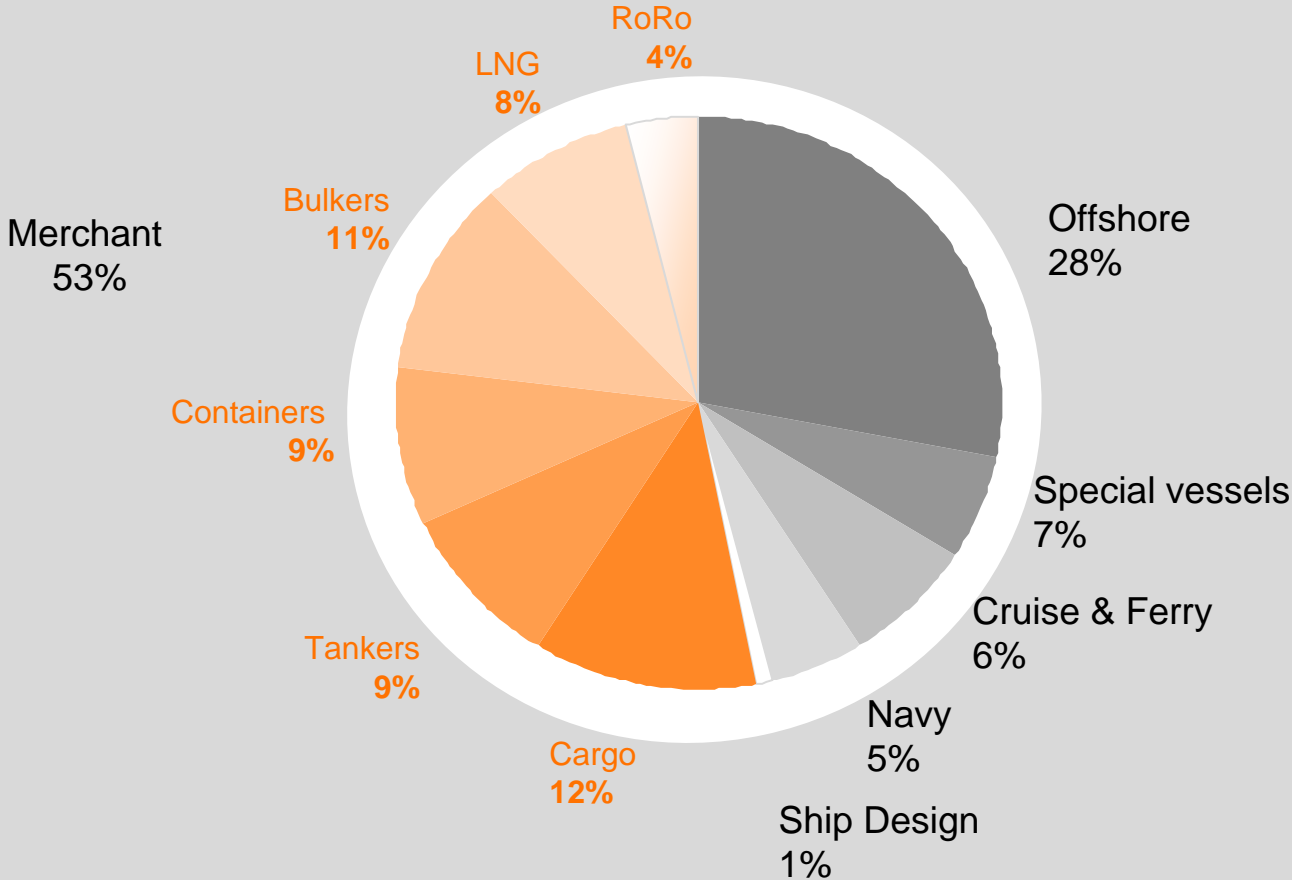
Wärtsilä's market shares are calculated on a 12 months rolling basis, numbers in brackets are from the end of the previous quarter. Wärtsilä's own calculation is based on Marine Market Database.

Ship Power quarterly order intake

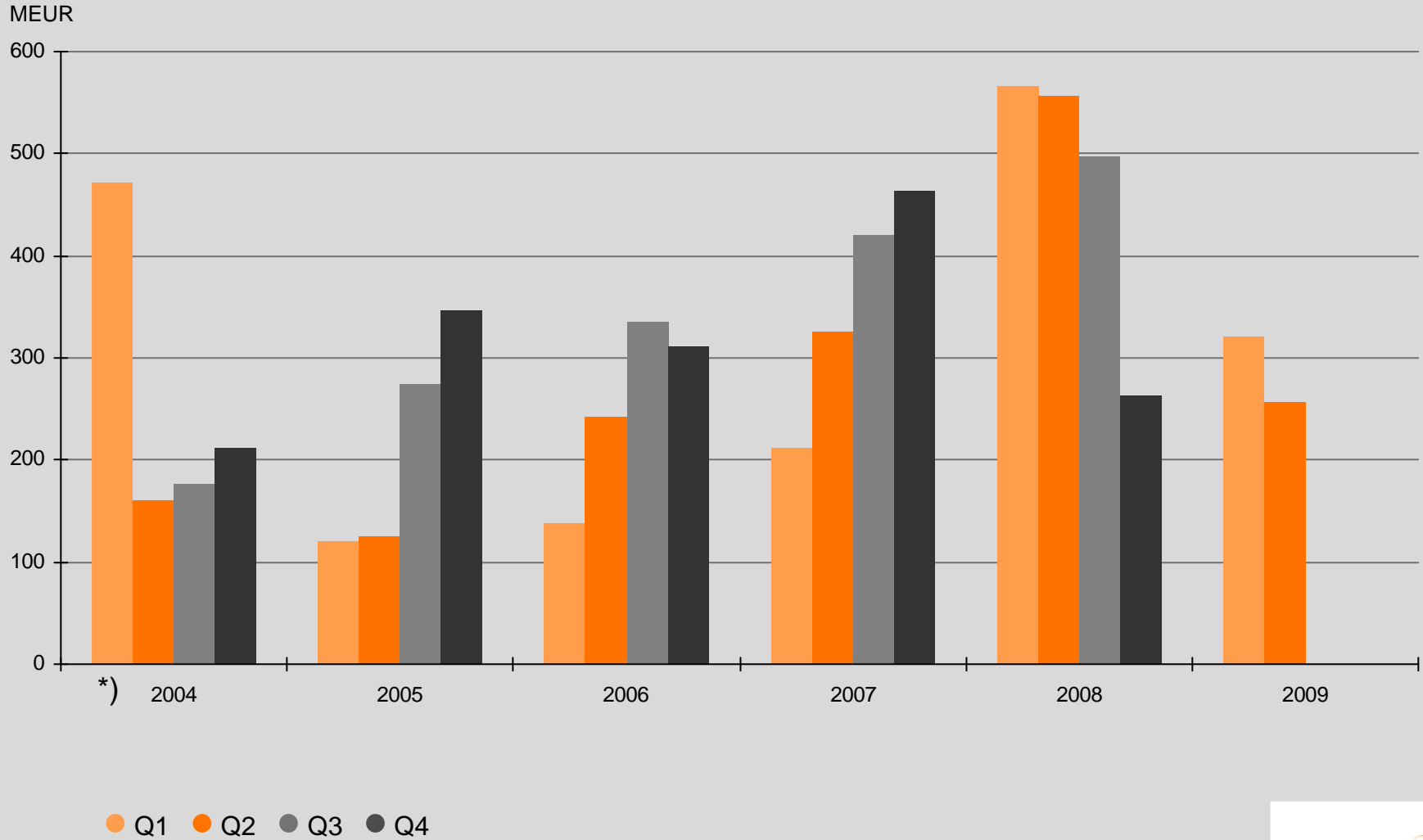


Ship Power order book June 30, 2009

All vessel segments represented

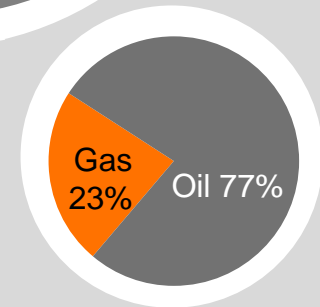
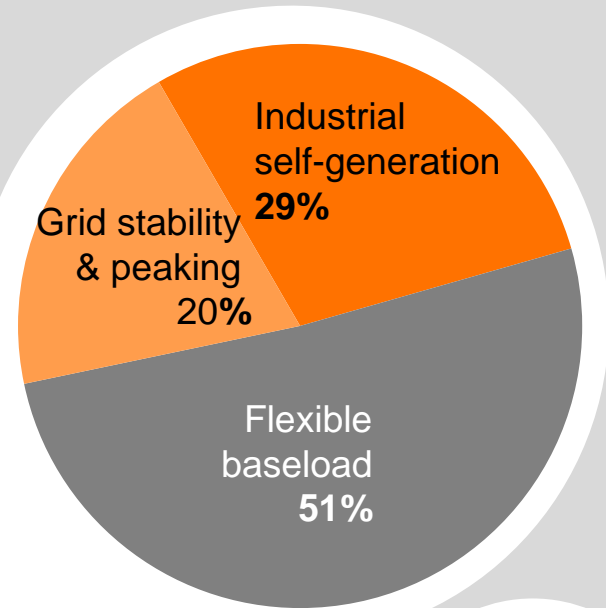
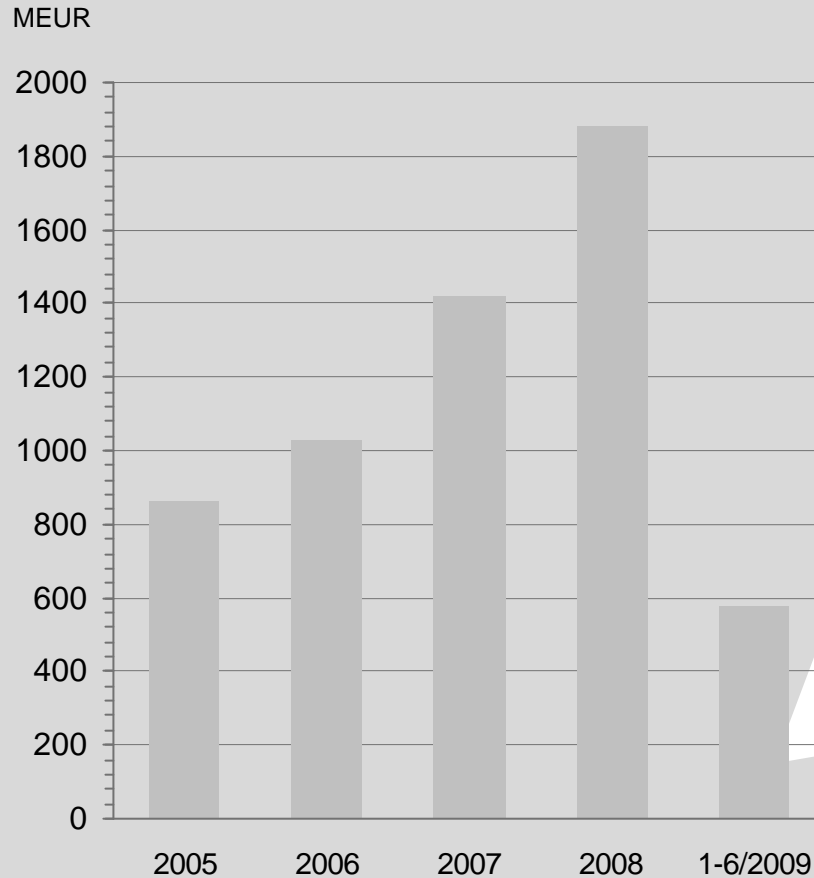


Power Plants quarterly order intake



*) 2004 Iraq-orders

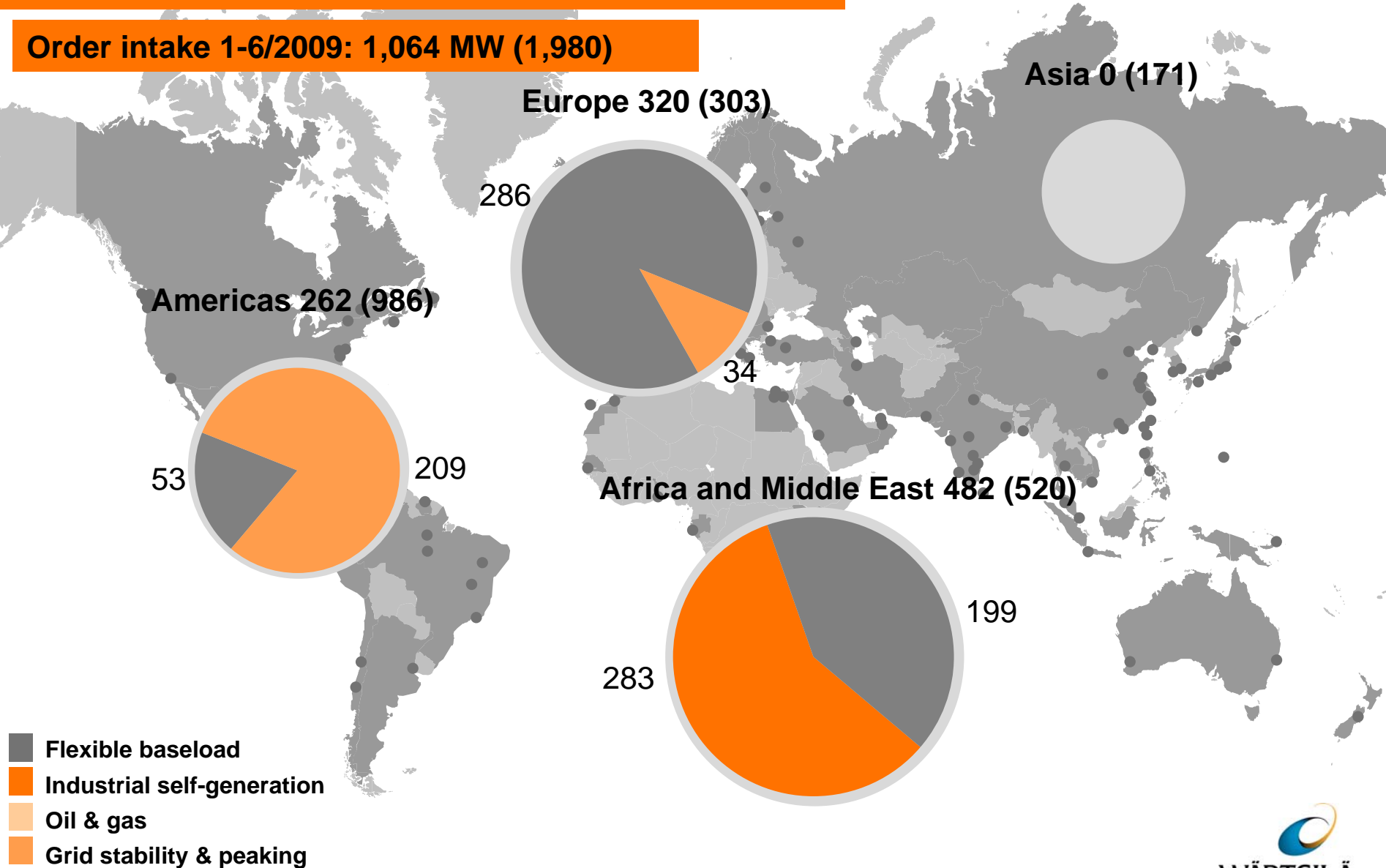
Power Plants order intake by application



Power Plants order intake

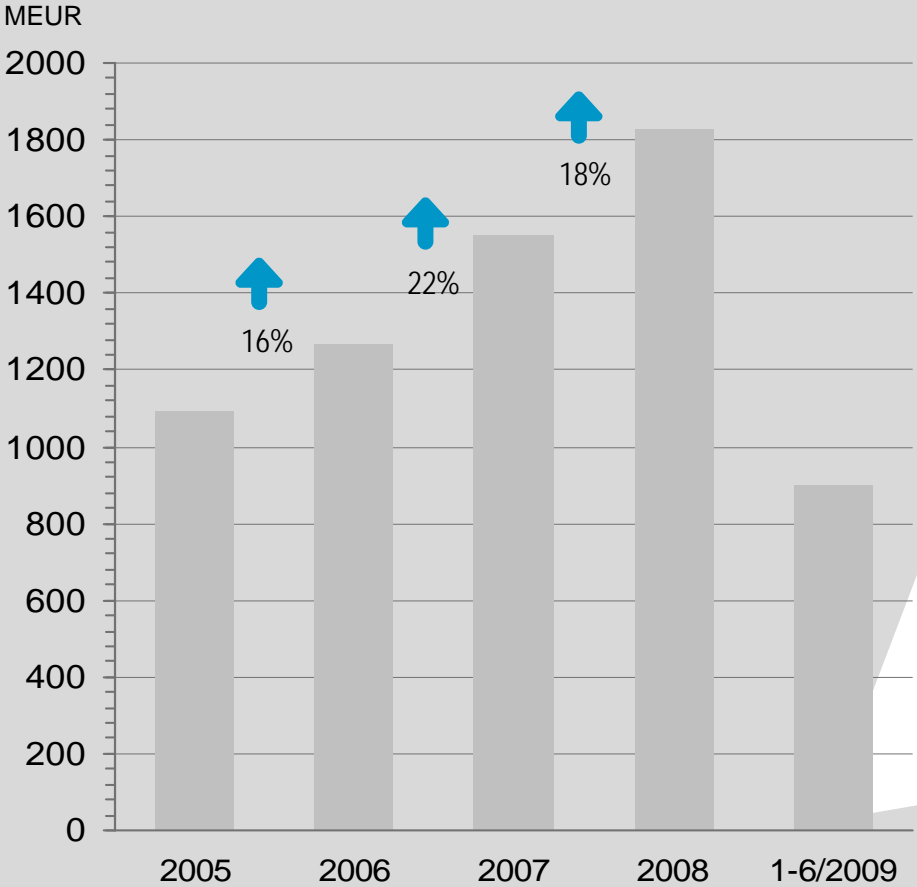
Africa and Middle East strongest region

Order intake 1-6/2009: 1,064 MW (1,980)

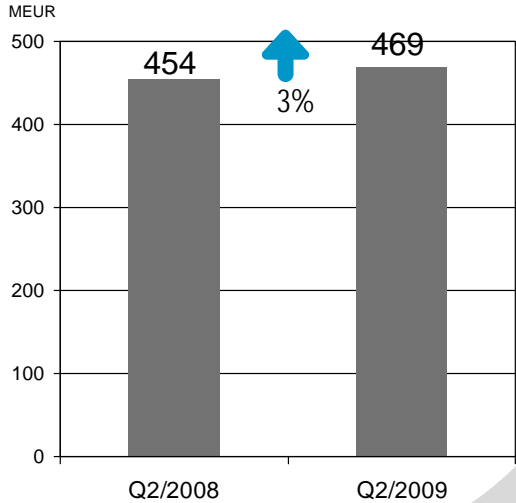


Services net sales

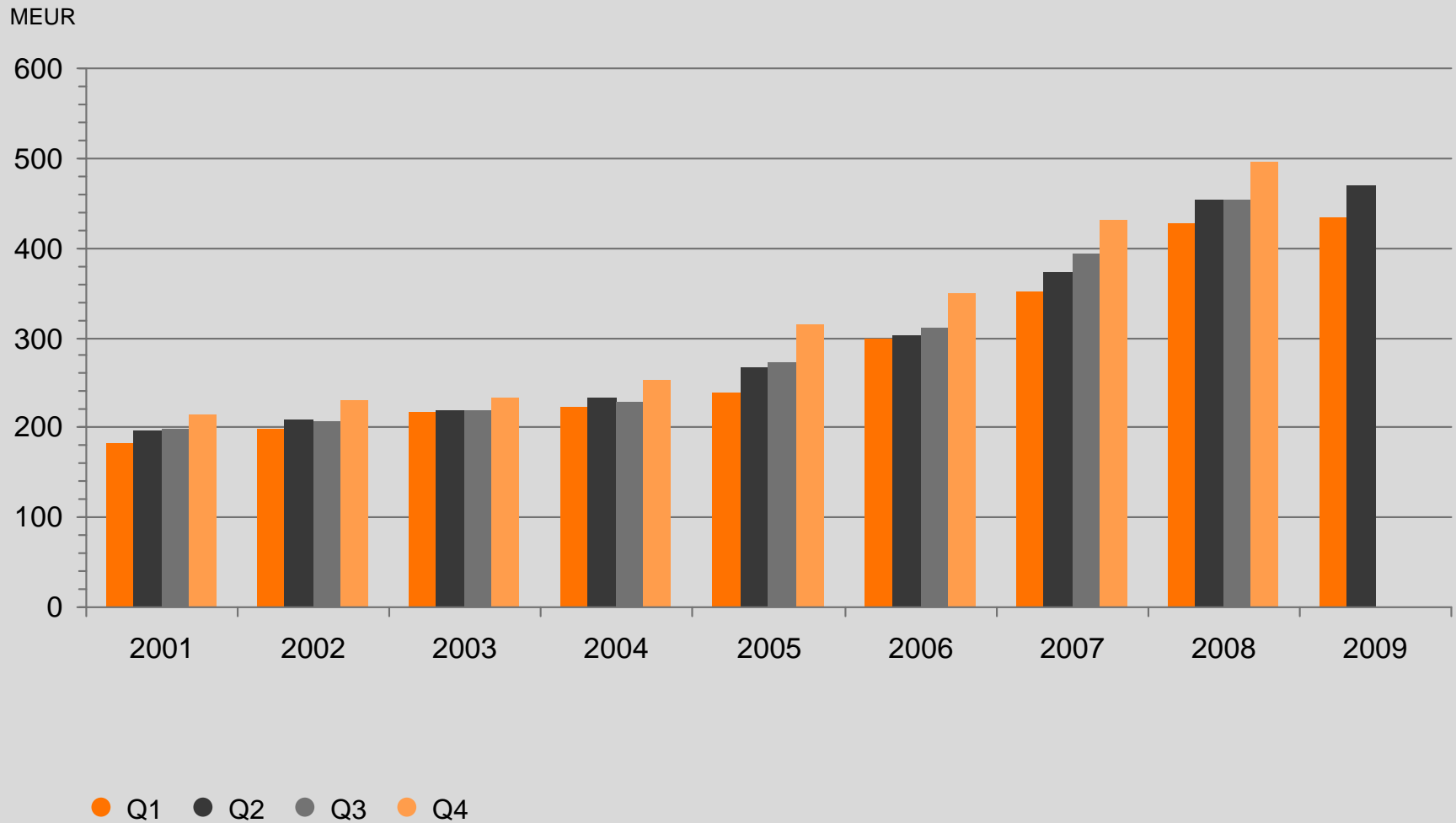
Historically high level



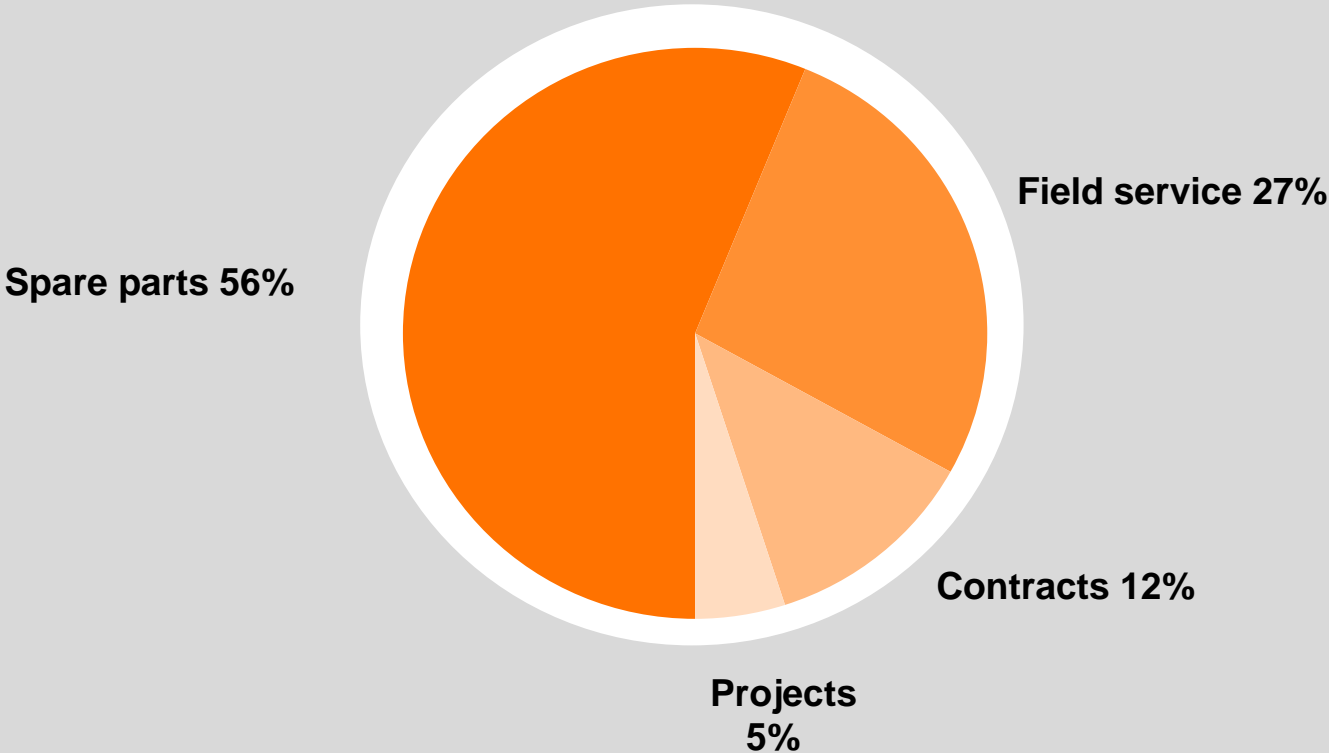
Second quarter development



Services – Net sales per quarter

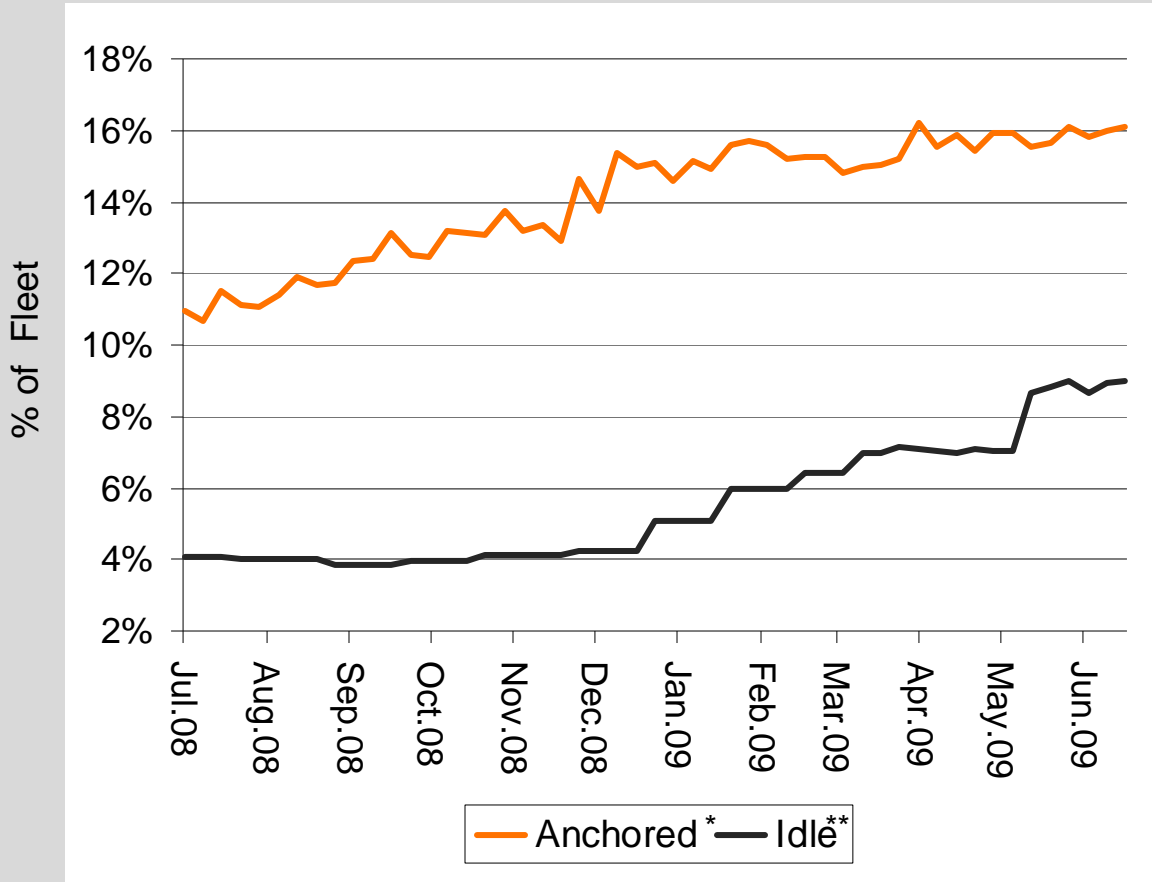


Services – Net sales distribution



Services potential

Laid-up tonnage



* Anchored (reported navigation status at anchor). Source Bloomberg (AISLive). More than 25 000 vessels (>299 GT) covered.

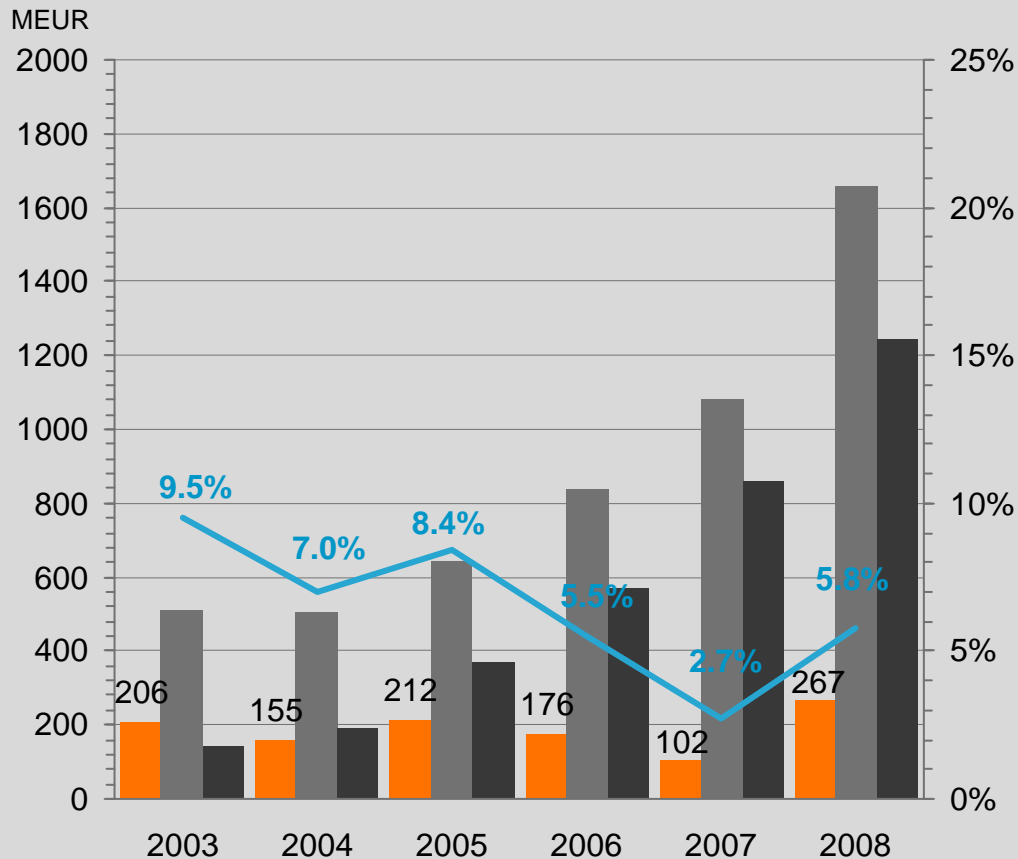
** Idle (no movement for 19 days for containerships, others 35 days). Source Loyd's MIU. Around 15 000 vessels (>299 GT) covered.

Cash flow



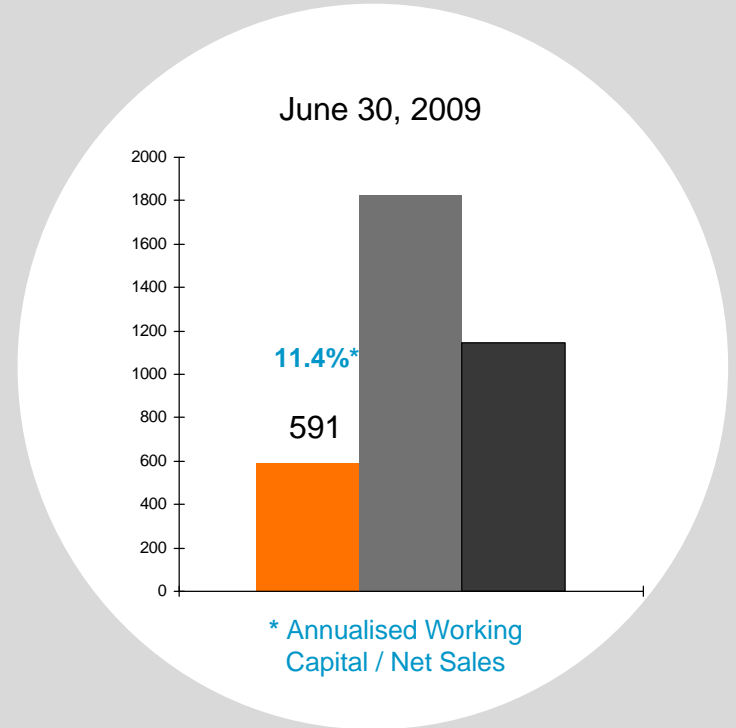
<u>MEUR</u>	<u>1-6/09</u>	<u>1-6/08</u>	<u>2008</u>
Cash flow from operating activities	-72	207	278
Cash flow from investing activities	-90	-75	-329
Cash flow from financing activities	81	-266	-26
Liquid funds at the end of period	118	143	197

Working capital

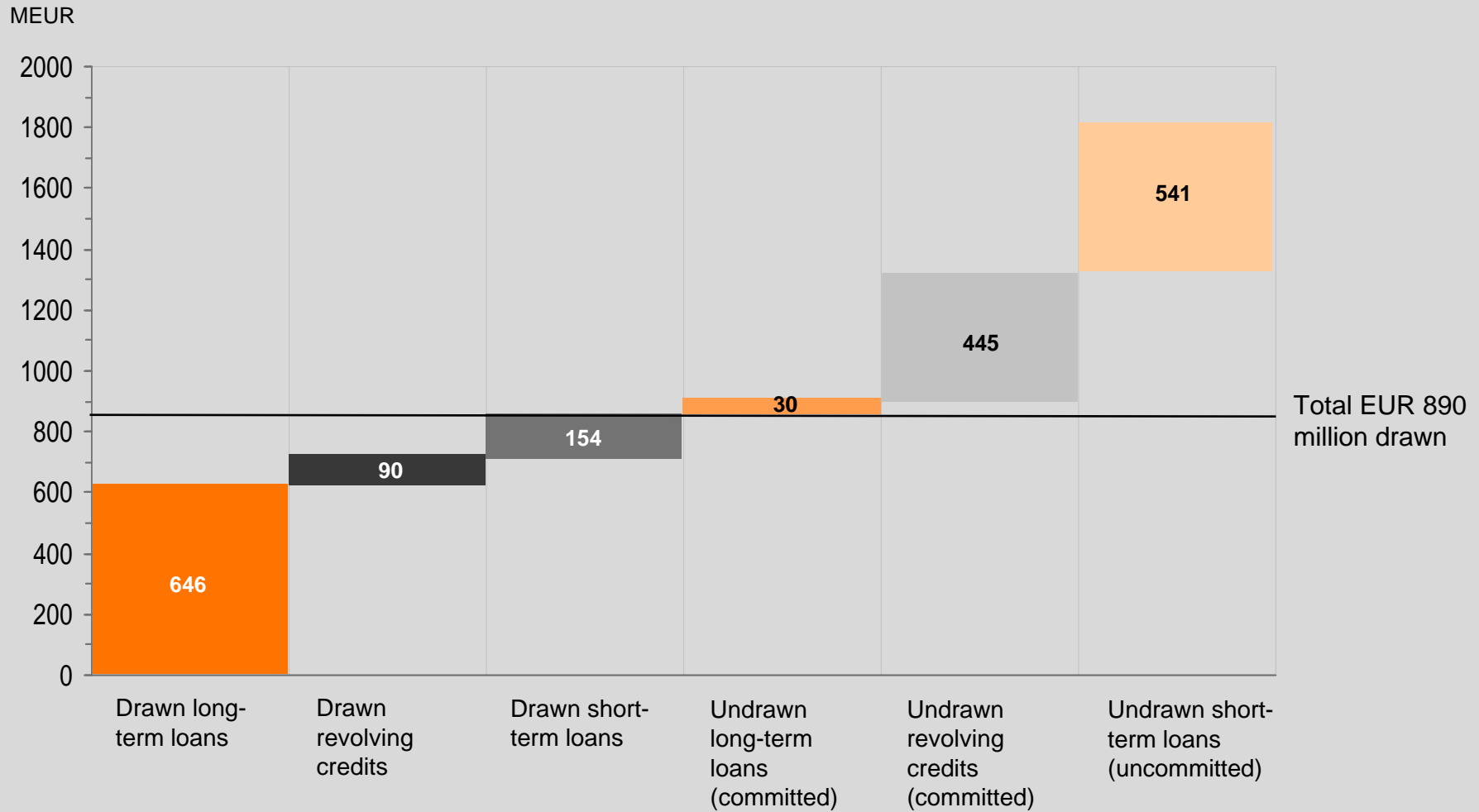


● Working Capital
 ● Total Inventories
 ● Advances Received
 — Working Capital / Net Sales

All figures relate to the Power Businesses

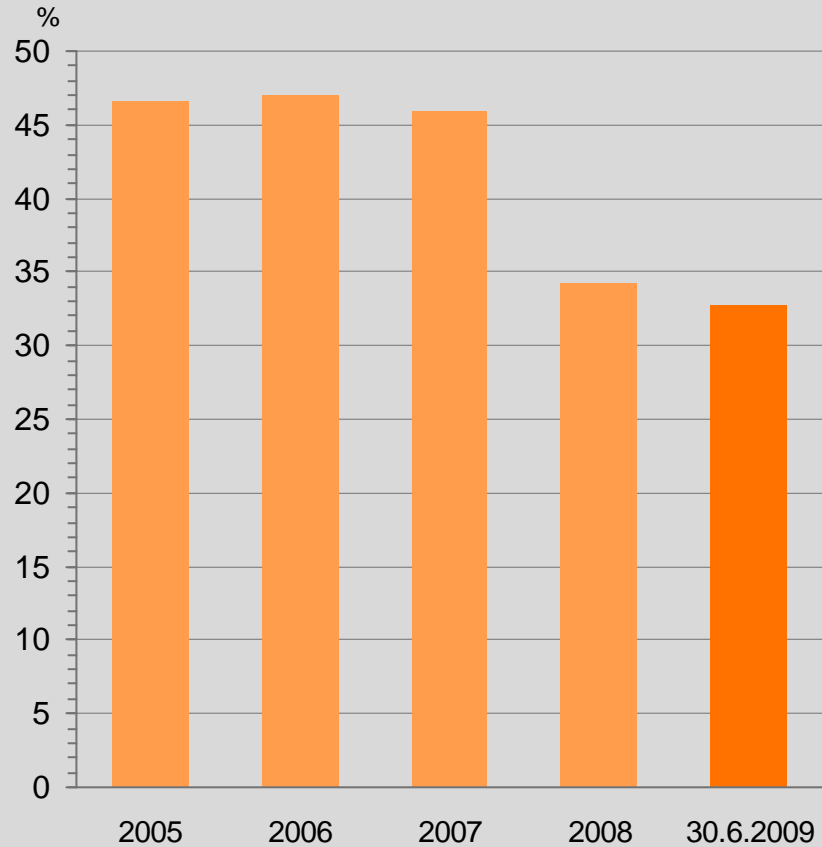


Financing

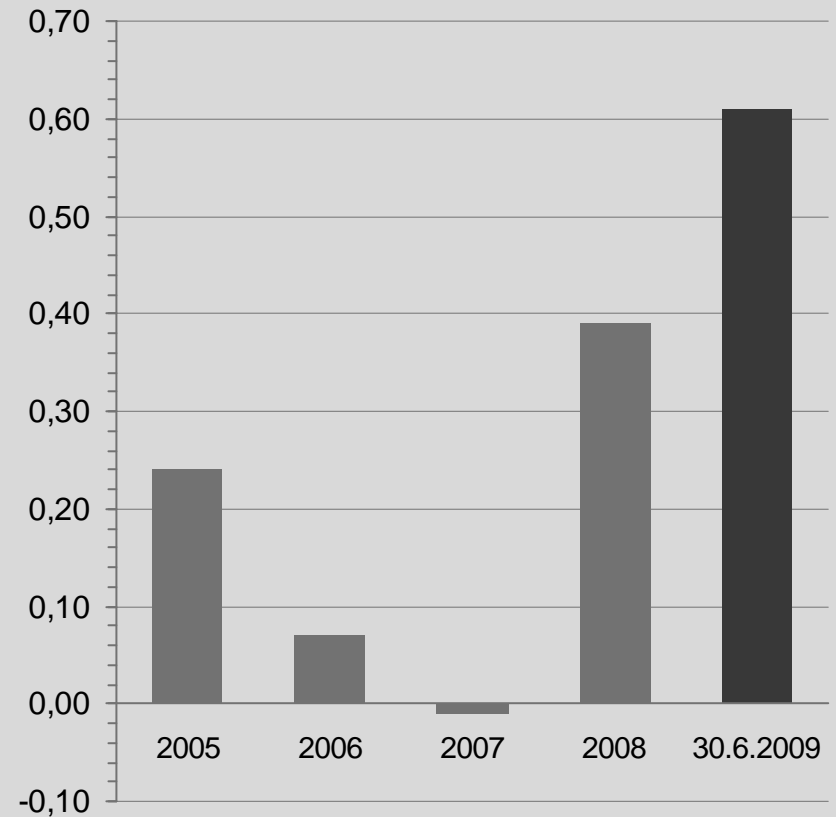


Financial position

Solvency



Gearing



Business risks



- Business risks mainly unchanged
- Ship Power
 - Slippage of ship yard delivery schedules
 - Potential cancellation risk approximately EUR 800 million (earlier estimate EUR 1,000 million at end of Q1/09)
- Power Plants
 - Timing of orders dependent on availability of financing
- Services
 - Possible reduction of maintenance and service demand due to larger scale lay-ups of ships

Market outlook



- Ship Power: quick recovery unlikely, short term focus on specialised tonnage
- Power Plants: demand remains at a good level, but timing of orders dependent on availability of financing
- Stable development in Services continues, but visibility has become shorter

Prospects for 2009 reiterated



- Despite the risk of cancellations and the nonrecurring restructuring items booked in the second quarter, the substantial order book should support a 10-20 percent growth in net sales for 2009, which would maintain the profitability at last year's good level.



WÄRTSILÄ